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DD/P 7864-a
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Attachment to S-1212

15 December 1953

TO: DEPUTY DIRECTOR (PLANS)

SUBJECT: Proposed Merger of Physical Security Agency, Department of Defense, (PSEA) with CIA

1. PROBLEM: To consider the subject in question and make recommendations thereon.

2. ASSUMPTIONS:

- (a) The Office of the Secretary of Defense questioned the desirability of retaining the PSEA within the structure of that Office;
- (b) The assets of PSEA, including particularly certain technical personnel who are said to be well qualified, might be of use to CIA in the accomplishment of its mission;
- (c) There may exist now a certain amount of duplication which could be avoided by having the PSEA merge with the CIA;
- (d) PSEA has accepted certain responsibilities which are outside the scope of the activities of CIA;
- (e) The Army, Navy, Air Force and State Department may still desire to have work done for them after a merger;
- (f) If a merger does occur, CIA will have full authority to manage the enterprise and to insist on the full security clearance of all persons; and that if TSS is responsible for the management, it will have full authority to decide on the technical acceptability of personnel;
- (g) DD/P/TSS will be given an increase in personnel ceiling necessary to operate the laboratory. Personnel requirements can probably be reduced by (1) transfer of certain types of work to other organizations outside CIA, (2) transfer of certain other work to parts of CIA outside TSS for which staff already exists, (3) elimination of any duplication of effort

which is useless, but some time will be required to assess the situation and to arrange for appropriate actions;

- (h) After any such merger, the CIA shall have no obligations other than the completion of outside contracts already underway;
 - (i) CIA shall not be required to put any CIA funds into the completion of existing contracts;
 - (j) Work which is clearly outside the present mission of TSS could be assigned elsewhere;
 - (k) Any further work for agencies outside CIA will be at the expense of those agencies and will be undertaken only if approved by TSS;
 - (l) Based on business experience with a number of mergers, it is difficult to preserve the morale of the smaller organization which is absorbed by a larger, and the best way to do this is, for a time at least, to preserve the organizational integrity of the smaller organization.
3. FACTS BEARING ON THE PROBLEM: A short inspection of the PSEA laboratory by the DDCI, DD/P, Director of Security, TSS Research Chairman, Chief, DD/P/TSS and Chief, TSS/APD, on 3 December 1953, disclosed that PSEA has what appears to be a well equipped laboratory for work in physics, electronics, photography and to a lesser extent, chemistry.

If a merger is accomplished and if TSS assumes management of the PSEA laboratory, it will reduce TSS requirements for 1955 funds for a new laboratory. The extent of this reduction cannot be stated at this time because we are unable to assess the added volume of work.

A discussion of the work accomplished and underway indicated a number of projects which are probably of no interest to CIA; but on the other hand, these projects are not of massive proportions and should not, in our opinion, hamper the determination of the problem. The group met a number of the technical staff. It is our opinion that it is impractical to make any definitive appraisal of technical ability on such short acquaintance.

4. DISCUSSION: A number of the problems which we saw appear to have

been well chosen and well prosecuted. Some of the work would appear to duplicate work either already completed by TSS, or well underway; but this does not, of course, mean that duplication has been wasteful because security considerations may be involved.

TSS has need frequently of two classes of equipment, one to be used by Agency personnel and the other to be given to persons outside the Agency. There is always room, therefore, for one or more additional models of different types of equipment.

It is quite possible that PSEA may have some contractors and consultants who can eventually be used by TSS to the benefit of the Agency.

A consideration possibly against the merger, but in any event worth careful studying and understanding, is that of publicity. The PSEA has apparently spent a great deal of time and effort on briefing various officials about the work of that Agency. The whole atmosphere of this type of activity is quite foreign to our usual attitude. It may have been an essential to the survival of the PSEA, or at least it may have been so regarded. In any event, this particular point should be explored with appropriate officials of the Defense Department, State Department and any other potential customers. Likewise, in the event there is a merger, great care will have to be exercised as to the appropriate selection of the matter to be used in such briefings. Following this line of thought, we are not in favor of a merger if it presupposes the need of an extensive selling campaign on the part of CIA. In the equipment field this type of propaganda is almost limitless and might, for example, include the obligation to secure all different makes of some piece of apparatus, such as recorders, to evaluate them, and to brief many persons outside CIA on their respective merits. We do not think CIA would benefit from this type of activity, nor do we think that CIA should undertake it.

We understand from previous discussions that all has not been well with regard to the relations of the PSEA with certain other elements of the Defense Department. It may be that this would be corrected by a merger of the sort discussed herein. However, this point should be given some further study in the event of a merger. In particular - and this will be important - it should be determined whether for this reason alone, it might not be well to change the name of the outfit. For cover purposes it might be quite convenient to have

the organization, or at least parts of it, continue to function under an overt name, although actually it could be a division or branch of TSS. The point is interesting and of some importance, but not in our opinion a vital one.

5. CONCLUSIONS:

- (a) That a merger subject to the limitations expressed or implied in the Assumptions (paragraph 2 above) and the Discussion (paragraph 4 above) would be reasonably consistent with the present activities of CIA in the technical field and might, in fact, be of considerable value from the standpoint of physical and possibly personnel assets.

6. ACTION RECOMMENDED:

- (a) That this Agency signify to the Secretary of Defense its willingness to effect the merger, subject, however, to the conditions stated above and particularly Assumptions (f), (g), (h), (i), (j), (k) and (l);
- (b) That if this is satisfactory to the Department of Defense, steps be taken immediately in regard to the following points:
 - (1) Security clearance of present staff by the CIA Office of Security;
 - (2) Properly qualified officials of this Agency review the technical qualifications of at least the principal members of the present PSEA;
 - (3) That the questions of personnel ceiling and financial support be considered by appropriate officials of this Agency;
 - (4) That if the DCI agrees with the foregoing and if he desires the work to be taken over by TSS, technical personnel investigations referred to above be undertaken by members of TSS;
 - (5) That if a merger is decided upon, consideration be given to an appropriate name for the organization (assuming one is

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needed) and that this discussion be participated in by the Security Office, and TSS.

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Ghiek, DDI/P/TSS

25X1A TSS/OC (10 December 1953)

CONCURRENCES:

Chief, DD/P/Administration

Date: 15 Dec 5

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Chief, DD/P/Operations

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ACTION BY APPROVING AUTHORITY:

APPROVED:

Title:

Date: